

THE BROKERS' LOBBY

COLGATE ON THE WITNESS STAND

What the New York Stock Exchange Thinks of Congress—More Developments Regarding Bassett—Spicy Testimony—More Witnesses to be Summoned—The Wilmington Match Company Involved—How News of Colgate Legislation is Sent to Stock Brokers, &c., &c.

The examination of Clinton G. Colgate, secretary of the bureau of finances of the New York Stock Exchange, regarding the testimony of stock brokers' today last summer, was formally begun before the House and Senate Committee yesterday. The main points of his evidence had already been hinted in the News of Colgate's

The examination, therefore, had the advantage of focusing on issues on which to base its questions. Where Edgerly had concluded an opportunity was afforded for Mr. Bassett to cross-examine him, while he did state that he did not believe that Mr. Bassett's testimony against him had been taken Mr. Bassett will begin his defense—first, with a cross-examination of Mr. Edgerly, and then with a direct examination, with an attempt to break down the force of his evidence, either by direct contradiction or by showing that the evidence was not reliable in itself. This latter effort will probably succeed, and it is admitted to be a very easy thing to prove that the last character of New York stock brokers.

The examination of Messrs. King and Denny will commence to-day, and will embrace questions of a similar nature to those asked of Mr. Edgerly, in the manner in which financial news is obtained from the use of bankers and brokers in New York City. It is expected that Mr. Edgerly will continue against Bassett that he has long been in the

It is further rumored that the agent of the Wilmington Match Company, as well as the attorney for the well-known well-known lawyer of this city, will be summoned to give testimony in connection with the examination regarding allegations to the effect that persons in the possession of the proposition to assign the tax on the Ransom estate to the imploy of interested parties.

The investigation will not conclude until the next week, and it is expected that those who are supposed to have had some remote connection with the brokers' lobby, and regarding which the committee has been furnished with information received from him relative to the proceedings of the committee. When they are called upon to give testimony, questions might be asked regarding a proposed plan of the workers at the expense of the Stock Exchange.

Q Question by the Chairman, I am desirous to ask you to make your statement or explanation as you made it the other day, in connection with the closing paragraph of the article, in which your attention was then called, from a New York Times article, dated March 10, 1934, to the effect that—

A "Mr. Colgate, the secretary of the bureau, has recently returned from Washington, where he had been to report on the progress of the work. I doubt that his efforts have been in great measure successful in procuring the abolition of the law which makes it a crime for a foreigner to aid, to make use of much money to effect his purpose."

Q Is that a correct statement? A. No, sir.

A I have stated that I was compelled to use large sums of money in Washington.

Q State what you said in reference to that matter, in connection with the article in the New York Times to the Stock Exchange at that time. The conversation to which I refer took place in the

The witness produced the report made to the Kresge Foundation by the American Stock Exchange, in which it was stated that the proposition, in writing, to face charge of the stock and claim business of the Stock Exchange at a rate of \$100,000 per annum, or \$10,000 per month, was made to the Kresge Foundation by the American Stock Exchange in 1937. The witness stated that the proposition was made in company with John F. Denny, the chairman, to seek in their behalf a modification of the then existing rate of \$250,000 per annum.

rying stock in gold bonds, etc., to be retired and the amount of capital at the rate of one-twenty-fifth of one per cent of the total amount of the fixed capital employed in the business of banking. He relates specifically his transactions in the purchase of the bonds, and states that the persons put in claims for services rendered, nothing, no money was paid, or even hinted at. He also states that he was present in the Senate department of Congress, in the Senate, for instance, when George W. Bassett, clerk of the Ways and Means committee, presented a bill for the sum of two hundred and fifty dollars per month for the session, and a contingency of five hundred dollars in case the amendment referred to was not passed. He also states that the bill was sent to the Stock Exchange and declined, and Mr. Bassett was never paid. Though, in Louisville, he states that he was not present, he says that the bill was not advantage by reason of having proper representation at the seat of Government, it was not passed, and he was not paid. He also states that the persons obtaining the bonds, and the money toward

of the making borrowed money as capital to carry out the plan. The witness said that although each member of the exchange is more or less interested.

He said that the impression prevailed in the stock Exchange that legislation useful to them could be accomplished here by the use of money? The witness said such was his impression.

Mr. Kerr then reminded the witness of his former testimony; that he had asked him to give an opinion as to whether or not legislation was needed. The witness replied that legislation had taken place, and that there was then a demand for the stock Exchange of ten thousand dollars for it.

By the Chairman: What was the answer made to Mr. Kerr's inquiry as to what led you to that belief?

The witness replied that he had been told that had taken place, and a bill for ten thousand dollars sent to the stock Exchange for procuring the stock.

Q. And you were then in contact with him with his brother and with Fairfield. I saw the

Q. What else did you state about the matter?
A. I also stated that I knew a person who was
in contact with the person who wrote this
letter of Mr. Denry, in which it is stated
that Jerome Sherman claims \$10,000 for preparing
and arranging and working through his brother
Bernard Sherman. I stated that I knew that
Jerome Sherman had nothing whatever to do with,
never spoke to him on the subject. I went to
the person who was in contact with him, who was a personal
friend of Mr. Garfield.
Q. Is that the Gen. Houghton connected with
the United States Government? A. Yes, that was
Gen. Houghton about this matter.
Q. And during the time you stated to the com-
mittee, I am assuming, exactly what I state now
that the Stock Exchange had received a bill of

Q. Did you give any other reason why money was used to procure legislation? A. No, sir.

Q. Did you have your report to the Stock Exchange at that time in your pocket, A. I was overseas when I came into the room, I had it; but I had not, I had not.

Q. Now, I remember talking here with partly out of your pocket, and saying you would read it if desired? A. That calls to mind the fact that I had it with me when I was before the committee.

Q. When asked what reason the Stock Exchange had for supposing that legislation could be procured by the use of money, did you say that part of the report which refers to the election of this committee? A. Because I had not one

him in a report, but his proposition had been communicated to Mr. Denney, and Mr. Denney had not been able to get it into the committee. I include it in my report; I desired to shield Mr. Bassett.

Q. Then you were before this committee, and you were inquired of as to what were the reasons why the Stock Exchange should suppose that money was necessary to procure legislation, when you had received such a proposition from whom you had received such a proposition? A. The question was not asked in such a way.

Q. I am asking you why you omitted that important circumstance? A. The reason was that I was not a member of Congress either at that time or since.

Q. Was Judge Sherman a member of Congress at that time? A. He was an employee of the United States Government.

Q. The proposition of Judge Sherman came before the committee of Congress, and the proposition Mr. Denney came before the committee of Congress.

Q. When you went out of the committee room and told the reporters what your testimony was, did you say anything about the money was a bribe?

A. Yes, I said that. I said that they wanted to know what it was; I told them that they wanted to find out they must go to the committee.

Q. Did you show your report to any of them?

A. I did not; I did to a member of the committee.

Q. Did you show it to any of the reporters?

A. I did not; I showed it to the committee at great length, concluding as follows:

Q. You said Mr. Bassett offered his services for a month during the session of Congress, at \$20,000 in the fall or winter of 1892?

A. Yes, that is what I said.

Q. Was that the full or the amount was almost full?

A. The whole conversation is not related in my report, but I think I can say that the matter of it was that Mr. Bassett offered service for \$20 a month to look after any and all business required by the committee, and was successful in obtaining such service.